



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Behavioral Wellness
Department No.: 043
For Agenda Of: July 12, 2022
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Antonette “Toni” Navarro, LMFT, Director
Director(s) Department of Behavioral Wellness, (805) 681-5220
Contact Info: Laura Zeitz, Division Chief Housing and Inpatient Services
Department of Behavioral Wellness, (805) 681-5220
SUBJECT: **FY 21-22 Behavioral Wellness –Memorandum of Understanding with Buellton Polo Village Partners, L.P. and Housing Authority of the County of Santa Barbara (HASBARCO) for the Provision of Supportive Services at Polo Village and the Operations of Polo Village, a Proposed Affordable Housing Development in Buellton, California**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- A. Approve and authorize the Director of the Department of Behavioral Wellness to execute the **Polo Village Project Memorandum of Understanding** with Buellton Polo Village Partners, L.P. and the Housing Authority of the County of Santa Barbara (**HASBARCO**), regarding the provision of mental health supportive services to tenants of the 15 Specialty Mental Health Services-eligible designated units at Polo Village, a proposed affordable rental housing development in Buellton, California, and the operations of Polo Village; and
- B. Determine that the recommended action is not the acceptance and approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the action is a creation of government funding mechanisms or other government fiscal activities, which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and pursuant to CEQA Guidelines Section 15378(b)(5), finding that the action consists of organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

Summary Text:

This item is now on the agenda to request Board approval for the Director of the Department of Behavioral Wellness (BWell) to enter into a Memorandum of Understanding with the Housing Authority of the County of Santa Barbara (HASBARCO) to provide mental health supportive services onsite at Polo Village. Polo Village is a proposed 49-unit affordable family apartment project located at 560 McMurray Road, Buellton, CA 93427. Fifteen units at Polo Village will be designated for Special Needs Populations. Behavioral Wellness will refer Specialty Mental Health Services consumers, and prioritize referrals for consumers who are experiencing homelessness for the 15 units designated for Special Needs Populations. Behavioral Wellness will provide onsite mental health supportive services for a minimum of twenty hours a week at Polo Village.

The project will be developed by HASBARCO, among others, and owned by Buellton Polo Village Partners, L.P., of which Surf Development Company, HASBARCO's associated non-profit development company, will be a General Managing Partner. Details regarding the management of Specialty Mental Health Services-eligible units and coordination with BWell for onsite supportive services are described in the Memorandum of Understanding, to be signed between the parties upon Board of Supervisors approval. The anticipated start date for construction of Polo Village is within six months of a tax credit award for the Project. Once tax credits are awarded and the Buellton Polo Village Partners, L.P. is formed, the Partnership will ratify the MOU. Once the Partnership is formed and ownership of Polo Village is settled, BWell will then return to the Board to enter into a services agreement.

Background:

Behavioral Wellness Department

BWell provides specialty mental health services to Medi-Cal beneficiaries with specialty mental health needs, and to the extent resources allow, uninsured children with Serious Emotional Disturbance (SED), and adults with Serious Mental Illness (SMI).

Housing Authority of County of Santa Barbara

HASBARCO, a political subdivision of the State of California established in 1941, is responsible for providing affordable housing for thousands of low-income households in Santa Barbara County through rent subsidy programs or by occupancy in one of its housing developments. The Housing Authority also provides a variety of housing related services. Over the years BWell has worked closely with HASBARCO to leverage MHSA funds to provide dedicated MHSA supportive housing. BWell has also worked with HASBARCO on multiple No Place Like Home (NPLH) funding applications. Currently, BWell provides onsite supportive services for the West Cox Cottages in Santa Maria, funded by NPLH.

Buellton Polo Village Partners, L.P.

Buellton Polo Village Partners, L.P. will be a Limited Partnership, formed after HASBARCO is awarded tax credits for Polo Village. The LP for Polo Village, once formed, will include HASBARCO's associated non-profit, Surf Development Company, as the Managing General Partner. Palm Communities, or its affiliate, will act as Co-General Partner and will also act as a placeholder in the LP position until a tax credit investor is identified. HASBARCO will be the Property Manager for this Project.

Polo Village Project

HASBARCO has undertaken new construction and acquisition development activities in the incorporated and unincorporated areas of the County. HASBARCO has contracted with various cities and the County to perform a variety of housing-related services in support of their local plans. A proposed project in Buellton would provide additional affordable housing for the County.

The Project Developers (HASBARCO, Palm Communities, and others) propose to construct a 49-unit affordable family apartment project (tentatively called Polo Village), (the “Project”), on 2.11 acres of vacant land located at 560 McMurray Road in Buellton, California (APN 137-090-067). One unit will be reserved for an onsite housing manager and the other 48 units will be rented. Rents for the project will range from 30% to 60% AMI (area median income).

Project Timeline

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| May 28, 2022 | Palm Communities, a real estate development company that specializes in creating and managing affordable housing across northern and southern California, is applying for Project-Based Housing vouchers on May 28 th , 2022. If awarded, there will be fifteen (15) two and three-bedroom units reserved for Special Needs populations. BWell will make referrals for all fifteen (15) Special Needs designated units. |
| June 30, 2022 | The MOU among BWell, HASBARCO and Buellton Polo Village Partners, L.P. must be in effect by June 30 th to allow HASBARCO to apply for tax credits available through the California Tax Credit Allocation Committee, which facilitates the investment of private capital into the development of affordable rental housing for low-income Californians. The MOU will be among BWell, HASBARCO (the property manager of Polo Village), and Buellton Polo Village Partners, L.P. |
| July 7, 2022 | HASBARCO is applying for tax credits on July 7 th and will need to have an executed Memorandum of Understanding for supportive services in place at that time. The Project will result in approximately 49 units for low-income residents. Of the 49 units, one unit will be designated for an onsite housing manager; fifteen (15) units will be dedicated for Special Needs population, and Behavioral Wellness will refer Specialty Mental Health Services consumers, and prioritize homeless consumers for these units. |
| TBD | The Project Developers will form a Limited Partnership (Polo Village, L.P.) and purchase the property. HASBARCO will be the general partner and the Project property manager. The Limited Partnership will ratify the MOU after its formation. BeWell will return to the Board to enter into the services agreement after the Limited Partnership is formed and ownership of Polo Village is settled. |
| 6 Months from Award | The anticipated start date for construction of Polo Village is within six months of a tax credit award for the Project. |

Performance Goals and Measures:

The Polo Village project would provide fifteen (15) critical units of permanent supportive housing for Specialty Mental Health Services consumers. The Federal Housing and Urban Development (HUD) Project-Based Vouchers Program requires a commitment that a minimum of 30% of the affordable rental housing units be set aside for Special Needs Populations, with a particular focus on people experiencing homelessness. HUD regulations require that units be restricted to the target population for at least 20 years. The units must be restricted for 55 years as permanent affordable housing.

BWell is responsible for documenting the number of individuals who meet the Special Needs definition and who may be experiencing homelessness or are at risk of homelessness and are served by the program funds. BWell will monitor the provisions of services to Polo Village tenants as will be outlined in a services agreement.

The Housing Authority would submit an independent audit for Polo Village, prepared by a certified public accountant and in accordance with the requirements of the State and Federal current audit requirements. Additionally, on an annual basis, BWell would submit data for each Polo Village assisted unit. This data may be, but is not required to be, gathered from the Santa Barbara County Homeless Management Information System. The annual report would include information related to increased service capacity, decreased unsheltered homeless persons and any increase in the number of homeless persons entering permanent housing attributable to the Polo Village Studios.

Fiscal and Facilities Impacts:

At the current time, there are no anticipated budget impacts.

Key Contract Risks:

The Project will produce 49 units of rental housing, fifteen (15) of which will be available to the County for Specialty Mental Health Services-eligible tenants; Behavioral Wellness staff will provide onsite case management services to Specialty Mental Health Services tenants pursuant to the MOU and Supportive Services Agreement.

Behavioral Wellness has evaluated the risks associated with the Project and determined that such risks are reasonable and within industry standards and that there are safeguards in place to prevent or mitigate risks. Projects that receive low-income housing tax credits are subject to ongoing financial and property compliance monitoring to meet the requirements of the federal Internal Revenue Service (IRS) tax codes. Investors risk losing tax credits for non-compliance; therefore, the Project has been fully vetted and underwritten by the tax credit investor(s).

Staffing Impacts:

Under the proposed MOU, BWell staff will provide case management and related Specialty Mental Health Services to Specialty Mental Health Services consumers participating in the Project. Services will be provided onsite, in office space provided by HASBARCO at no cost to BWell. BWell will fund the Supportive Services through other MHSA funds earmarked for service delivery and Medi-Cal Federal Financial Participation (FFP) reimbursement.

Special Instructions:

Please send one (1) minute order to: mejohanson@sbcbswell.org, bethle@sbcbswell.org, and the BWell Contracts Division at bwelcontractsstaff@co.sbcbswell.org.

Attachments:

Attachment A: HASBARCO Polo Village Project Memorandum of Understanding

Authored by:

Natalia Rossi, Melanie Johnson